

## Message Text

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ACTION EUR-12

INFO OCT-01 ARA-06 ISO-00 CIAE-00 DODE-00 PM-03 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02

OPIC-03 CIEP-01 OMB-01 SAM-01 /087 W

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R 031729Z JUN 75

FM AMEMBASSY LISBON

TO SECSTATE WASHDC 2979

INFO AMEMBASSY BRASILIA

USMISSION EC BRUSSELS

AMEMBASSY LONDON

AMEMBASSY MADRID

AMEMBASSY PARIS

USMISSION OECD PARIS

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E.O. 11652: N/A

TAGS: ECON, PO

SUBJ: BUSINESS ARRESTS/CONFISCATIONS UPDATE

1. PINTO DE MAGALHAES GROUP:

A. MAY 31 PRESS REPORTED THAT ALL GOODS OF BANKER AFONSO PINTO DE MAGALHAES AND FAMILY HAVE BEEN CONFISCATED BY GOVERNMENT. ALTHOUGH ORDER ISSUED BY CIVIL COURT IN PORTO, DECISION MADE BY REVOLUTIONARY COUNCIL.

B. PINTO DE MAGALHAES FAMILY HAD BEEN IN KNOWN DIFFICULTY FOR SOME TIME. FAMILY BANK (ONE OF TOP 10) OF SAME NAME AND INSURANCE COMPANIES (SOBERANA, MUTUALIDADE, AND ALICANCA MADEIRENSE) WERE NATIONALIZED IN MARCH. SHORTLY THEREAFTER \$16 MILLION IN SECURITIES REPORTEDLY FOUND IN SAFE IN HOME OF AFONSO, WHO IS REPORTEDLY ABROAD.

C. CONFISCATION ORDER ISSUED IN WAKE OF ATTEMPT TO SHIP LARGE QUANTITY OF FURNITURE AND VALUABLE OBJECTS FROM LEIXOES

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TO PINTO DE MAGALHAES FAMILY IN BRAZIL. SHIPMENT WAS BLOCKED

BY MILITARY AUTHORITIES.

D. GOODS CONFISCATED INCLUDE LARGE NUMBER OF BUILDINGS AND AUTOMOBILES, BUT NO SPECIFIC MENTION MADE OF STOCKHOLDINGS IN PINTO DE MAGALHAES GROUP, ONE OF COUNTRY'S LARGEST. ESPECIALLY CONCENTRATED IN NORTHERN PORTUGAL, GROUP OF SOME 40 FIRMS HAS \$40 MILLION IN CAPITAL AND IS CLOSELY CONNECTED WITH RIOPELE TEXTILE COMPANY, ONE OF COUNTRY'S FIVE LARGEST. GROUP IS IN SERIOUS FINANCIAL DIFFICULTIES AND WORKERS HAVE ASKED GOVERNMENT INTERVENTION.

2. TORRALTA DIRECTORS:

LISBON 2460 REPORTED THAT APRIL 29 RELEASE OF JOSE AND AGOSTINHO DA SILVA (LATTER ON BAIL) WAS CONDEMNED BY TORRALTA WORKERS. FOLLOWING WEEK CHARGE AGAINST AGOSTINHO OF UNAUTHORIZED IMPORTATION OF 50,000 SWISS FRANCS WAS REPORTED IN PRESS. NEW ARREST ORDERS WERE ISSUED MAY 10 AND BROTHERS WERE RETURNED TO PRISON WHERE THEY REMAIN.

3. JOSE GALVAO DE MELO, BROTHER OF WELL-KNOWN GENERAL CARLOS GALVAO DE MELO, WAS JAILED WITHOUT BAIL MAY 3 CHARGED WITH "PRESUMABLE CRIMINAL ACTS" OF ILLEGAL CAPITAL IMPORTATION. CHARGES LEVIED BY WORKERS' COMMISSION OF HIS FIRM, MAIOMBE-IMPRTACAO E COMERCIO DE MADEIRAS, LDA.

4. COMMENT: A. CONFISCATION OF GOODS OF PINTO DE MAGALHAES FAMILY IS FIRST CASE WHERE GOVERNMENT HAS MOVED BEYOND FREEZING OF BANK ACCOUNTS AND PROPERTY --ACTION TAKEN AGAINST MIGULE QUINA (OF BORGES GROUP) AND ESPIRITO SANTO SILVA FAMILIES. CASE IS ALSO NOTEWORTHY IN LACK OF SPECIFIC CHARGES AND SMALL PRESS PLAY.

B. RECENTLY PROMULGATED DECREE 222-B/75 (LISBON 2869) ALLOWS SEIZURE OF FAMILY'S GOODS AFTER GOVERNMENT HAS INTERVENED IN A COMPANY. HOWEVER, AS FAR AS EMBASSY AWARE NONE OF PINTO DE MAGALHAES FIRMS HAS THUS FAR BEEN INTERVENED.

C. IMPRISONMENTS AND REIMPRISONMENTS CONTINUE AT BEHEST OF MILITANT WORKERS--AS WAS ALSO THE CASE WITH ESPIRITO SANTOS--MOST OF WHOM ARE STILL JAILED.  
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## Message Attributes

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